

WAIS Inc

May 12, 1995

Wide Area Information Servers

Ernst & Young LLP
8075 Leesburg Pike
Fifth Floor, Tower II
Vienna, VA 22182

America Online, Inc. (AOL) entered into an Agreement and Plan of Reorganization (the Agreement) dated May 12, 1995, with its wholly-owned subsidiary, AOL Acquisition Corp., and with Wide Area Information Servers, Inc. (WAIS or the Company). Subject to certain customary conditions, AOL will issue _____ shares (or options exercisable for such shares) of its common stock in exchange for 100% of the outstanding shares of common stock and outstanding common stock options of WAIS.

The transaction with AOL will be treated for accounting purposes as a "pooling of interests" in conformity with the requirements of Accounting Principles Board (APB) Opinion No. 16. The criteria for the "pooling of interests" method of accounting and their relevance to this exchange are outlined below.

Attributes of the Combining Companies

WAIS was incorporated in 1992 and has never been a subsidiary or division of another corporation. At the date of initiation of the plan or combination, WAIS had no investment in AOL and has not acquired any investment in AOL to date. AOL has no investment in WAIS.

Manner of Combining Interests

The combination is to be effected in a single transaction on or about May 23, 1995. Management believes that the common stock to be issued in the combination is authorized but unissued common stock of AOL with rights identical to those of the currently outstanding shares as described in AOL's Articles of Incorporation. Other than certain restrictions and limitations contained in the affiliates agreements and the escrow agreement contemplated by the Agreement and certain tax and securities laws and underwriting restrictions and limitations, the Agreement (including the registration rights agreement contemplated thereby) does not place any contractual restrictions or limitations on the transferability or voting rights of the AOL common stock issued in connection with the transaction.

Within the past two years WAIS has not changed the equity interest of the voting common stock in contemplation of effecting the business combination. WAIS will not effect such a transaction prior to consummation of the business combination.

In September 1994, WAIS established its 1994 stock option plan. All options issued under the plan were granted to retain and motivate existing employees and not in contemplation of the pooling of interests with AOL. It was WAIS management's intention to grant such options to all employees upon beginning employment with WAIS, although the actual granting of such options was not final until approval was obtained by the WAIS Board of Directors which occurred on January 9, 1995.